

Message Text

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ACTION OPIC-12

INFO OCT-01 ARA-16 ISO-00 AID-20 CIAE-00 EB-11 FRB-02

INR-10 NSAE-00 TRSE-00 XMB-07 SP-03 CIEP-02 LAB-06

SIL-01 OMB-01 FEA-02 INT-08 /102 W

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R 111625Z JUL 74

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC 7561

INFO USDOC WASHDC

UNCLAS TEGUCIGALPA 2899

E.O. 11652: N/A

TAGS: BGEN, HO

SUBJECT: REQUEST FOR POLITICAL RISK INVESTMENT INSURANCE

BELL WESTERN CORPORATION (522-7' 413)

PASS OPIC

REF: OPIC INFORMATION MEMORANDUM DATED 6/12/74;

TEGUCIGALPA 2053

1. EMBASSY HAS REVIEWED OPIC "REQUEST FOR REGISTRATION" COMPLETED BY BELL WESTERN CORPORATION ON JUNE 4. TO EMBASSY'S KNOWLEDGE THIS IS NEW INVESTMENT AND ITS PRINCIPAL ACTIVITY WILL BE PRODUCTION OF CEMENT, PRIMARILY FOR EXPORT. IF ITS PLANNED CAPACITY IS ACHIEVED (I.E. 600,000 MT ANNUALLY - SEE REFTEL) IT WILL MORE THAN DOUBLE THE 1973 PRODUCTION OF THE ONLY OTHER CEMENT PLANT NOW OPERATING IN HONDURAS. THE BALANCE OF PAYMENTS AND EMPLOYMENT EFFECTS WOULD NO DOUBT BE FAVORABLE.

2. ONE PART OF THE PROPOSAL WHICH NEEDS CLARIFICATION WOULD BE THE COAL MINING ASPECT. HONDURAS PRESENTLY

HAS NO COMMERCIAL COAL PRODUCTION. IT IS UNDERSTOOD UNCLASSIFIED

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FROM HONDURAN SOURCES THAT BELL WESTERN WILL APPLY

IN THE NEAR FUTURE FOR AN EXPLOITATION PERMIT FOR COAL LOCATED IN THE PROVINCE OF YORO SOME THIRTY KILOMETERS FROM THE TOWN OF VICTORIA. THE COAL WOULD BE TRANSPORTED TO SANTA RITA BY SLURRY LINE THEN BY RAIL TO PUERTO CORTES. THE CONDITIONS IN THE PERMIT FOR EXPLOITATION WHICH THE GOVERNMENT OF HONDURAS MAY ISSUE ARE NOT YET DETERMINED. ONE OFFICIAL INDICATES THE CONDITIONS WILL BE MORE COMPLEX, INCLUDING ROYALTIES, THAN ARE APPLIED TO THE QUARRYING OF LIMESTONE ALSO NECESSARY FOR THE PROJECT.

3. BECAUSE THE GOVERNMENT'S RESPONSE ON COAL, IN THE FORM OF A PERMIT, HAS NOT BEEN ISSUED AND BECAUSE OF THE HARCEIVABLE DIFFICULTIES OF STARTING FROM SCRATCH IN HONDURAS WITH COAL MINING, ITS TRANSPORT AND HANDLING, OPIC MAY WISH TO ASK BELL WESTERN FOR FURTHER EXPANSION OF THIS MATTER SINCE COAL IS THE PROJECTED ENERGY SOURCE FOR THE CEMENT PLANT. SANCHEZ

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